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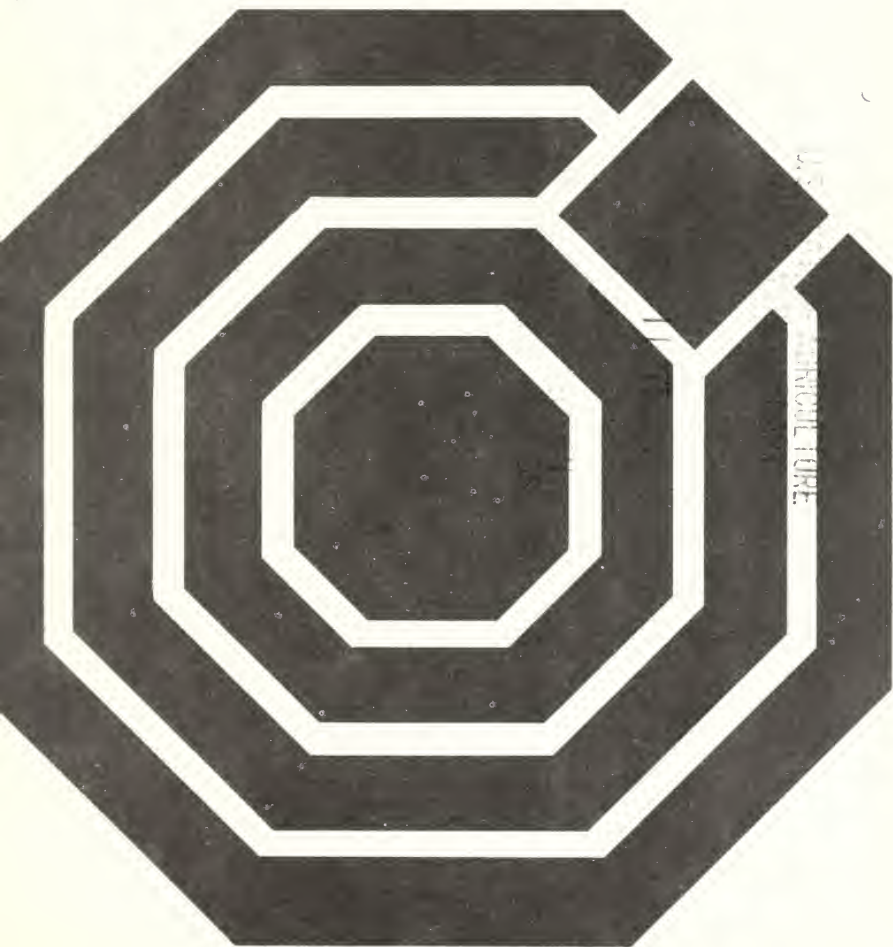
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# agricultural situation

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FUTURES AND THE FARMER

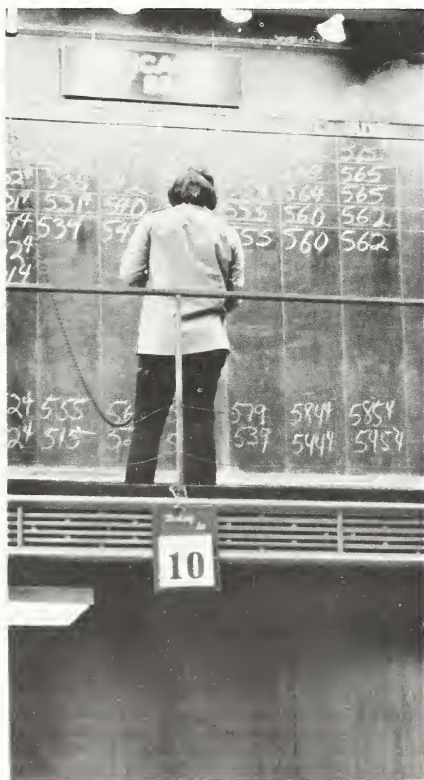


## FUTURES AND THE FARMER

For the modern farmer, understanding and using the futures market can sometimes spell the difference between a profitable year and a very disappointing one.

In the following article prepared especially for the Agricultural Situation by the Chicago Board of Trade, the origins and workings of the world's oldest and largest existing commodity futures market are described. Also, an explanation of how farmers can use it and similar trading exchanges is provided. . .

Commodity trading as an important marketing function



*Futures prices are continually updated to aid commodity traders.*

developed near major U.S. farm production areas in the early 1800's. Farmers, eager to sell in the city where they could get a higher price, found that prices for staples like wheat and corn fluctuated widely due to glut at harvesttime and scarcity later in the year. Grain marketing was a "curb-to-curb" operation, a system of grain standards was unknown, and unsold grain often lay in streets until it spoiled.

To improve this marketing system and to promote commerce, 82 Chicago merchants established the Board of Trade of the City of Chicago in 1848. Facilities for grain display—today our cash or "spot" market—were provided and regular trading hours set up. Shortly after its formation, the Board established standards for wheat and began weighing and inspecting grain.

Today the Chicago Board of Trade provides futures markets in wheat, corn, soybeans and soybean products, oats, iced broilers, and several nonagricultural products.

Operating under strict rules within specially designed facilities, members buy and sell for themselves or as representatives of companies or as agents for individual customers, such as farmers.

The futures market as it's organized today didn't exist when the Board of Trade opened its doors, and forward contracting was only used outside of the Exchange.

For example, when storage facilities were full, it became common to buy grain "to arrive" in Chicago on a set date at a price agreed upon when the contract was signed. Vessels entering the harbor could then be loaded from stocks already in Chicago or from grain contracted for forward sales.

The General Rules of the Chicago Board of Trade, adopted in 1863, contained the first reference to "futures contracts." In the rules

were provisions related to deposits by buyers and sellers to assure contracts, procedures to follow if a person failed to deliver or accept delivery of a commodity, standardization of delivery, and terms of payment.

"Futures" became legally binding contracts which called for the holder to buy or sell a specified amount and quality of a certain commodity on a given future date at a price agreed upon at the time of the trade.

By 1875, futures trading had gained substantial momentum, and buyers and sellers used futures contracts to hedge inventories and earn carrying charges.

As for today's farmer, higher production costs from land, machinery, fuel and fertilizers make

it necessary for him to have a means to protect his large investment *and* make a profit. The futures market provides one of the means toward this end.

Farmers are familiar with forward contracting, usually with their local elevator. In this transaction, the farmer doesn't deal directly with the futures market, but with an individual. A forward contract is a cash transaction in which buyer and seller agree upon delivery of a specified amount and quality of goods at a specified future date.

While forward contracting has proven successful for many farmers, it can be a very inflexible arrangement, as any farmer who has needed to get out of the contract knows. The charge for releasing him from the contract is usually any change in



*Pit brokers selling and buying commodities for customers on the floor of the Chicago Board of Trade exchange voice and hand signals to complete the order.*



price that has taken place, plus a penalty for breaking the contract.

The futures contract, on the other hand, can be cancelled by an offsetting trade. That is, if his first trade is a sell, a farmer can offset it with a buy of an equal amount of the same commodity for the same delivery month. Similarly, if his first trade is a buy, he can offset it with a sell.

With the futures contract, the farmer can tell his broker to make an offsetting trade—and the trade can be made with anyone represented in the “pit” at the futures exchange. Thus, the farmer has ready access to many buyers and sellers.

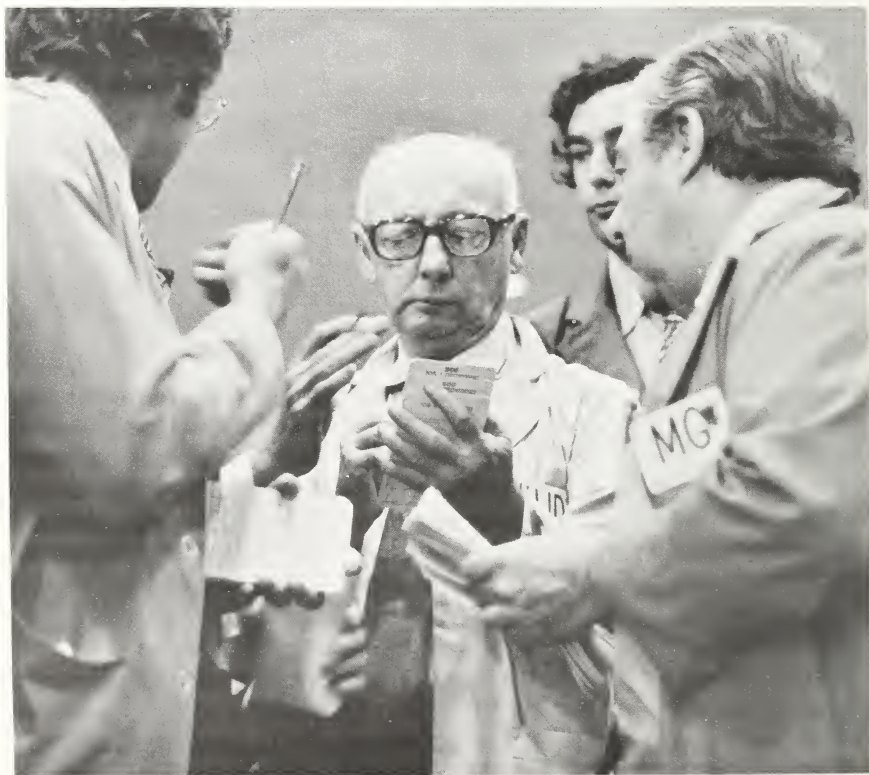
The cost of getting out of a futures contract, unlike a forward contract, is limited to whatever change in price has taken place between the

original trade and the offsetting trade—plus the broker’s fee.

Futures trading helps protect the profits of both commodity producers and users through a mechanism called “hedging.” This involves taking opposite positions in the cash and futures market, hopefully to prevent or minimize a loss due to price fluctuations. The hedger attempts to shift the price risk of ownership to the buyers of futures contracts.

For commodity users, flour manufacturers, for instance, futures trading is a purchasing tool that helps them fix a price for products that will be sold at a later date. Growers, meantime, use futures to fix a crop price before or at harvesttime.

Both cash prices and futures



*Grain trade order forms between brokers show number of bushels, type of grain, contract maturity month, price, initials of other broker, and other trade details.*

prices tend to move in concert with one another and merge as the contract month approaches. This is because the supply and demand factors that create the prices in both markets theoretically become identical at the time of the actual delivery.

The difference between the cash price and the futures price, called the "basis," makes hedging possible. At any given time, this price relationship may vary. For example, an elevator that normally pays 40 cents below the Chicago futures price may pay 35 cents less if it needs the grain immediately. Or it may offer 50 cents below Chicago to signal that it does not need grain. Or, if cash buyers need grain that has been stored, they may temporarily bid the cash price higher than the futures price, which brings more grain into the cash market.

Using these temporary changes in price relationships, a farmer can buy or sell when it's to his advantage.

The "selling hedge" is used by producers to protect the value of their existing inventories and to earn a storage return if possible. The hedger either owns or buys the actual commodity, and at the same time sells an equal amount of it on the futures market. In this way, an adverse price move up or down will be offset by a corresponding favorable price move in the other market.

Here's how a selling hedge might work:

A farmer harvesting about 10,000 bushels of wheat examines past cash and futures prices to determine typical patterns. He calculates his production costs per bushel and decides that \$3.79 a bushel would yield an acceptable profit.

His local basis price usually runs 8 cents below the Chicago futures price in December. The Chicago price for wheat for December delivery is quoted at \$3.87.

By selling his 10,000 bushels on the futures market, the farmer can lock in a price he feels will be

profitable. If by December 1, prices fall 5 cents in the cash market and 3 cents in the futures market, his transaction looks like this:

## CASH

*Sept. 1*

Owens 10,000 bu.  
of wheat; hopes  
to sell @ \$3.79

*Dec. 1*

Sells 10,000 bu.  
of wheat @ \$3.74

## FUTURES

*Sept. 1*

Sells 10,000 bu.  
of December  
wheat @ \$3.87.

*Dec. 1*

Buys 10,000 bu.  
of December  
wheat @ \$3.84  
to fulfill the  
Sept. contract.

difference: \$0.05    gain: \$0.03

net difference with hedging:  
\$0.02 per bushel

By hedging, the farmer missed his price objective by 2 cents a bushel. Had he not hedged at all, his returns would have fallen 5 cents below what he anticipated.

Processors, exporters, and other commodity buyers use hedging much the same way—in their case it's called a "buying hedge" or a "long hedge"—to protect themselves against price fluctuation.

This "two-market" aspect of commodity buying is what separates hedging from speculation. Holding futures contracts that aren't covered by an actual commodity isn't true hedging, and radical price changes could translate into sizable losses or gains. Likewise, the farmer may be more vulnerable to price changes if he holds his harvested crop without price protection.

Farmers who want information on futures markets and hedging can contact county extension agents, rural bankers, nearby State land-grant colleges, commodity brokers, or any commodity exchange.

## MUSHROOM BOOM



Ever since SRS started keeping tabs on U.S. mushroom production nearly 10 years ago, it's been up all the way.

In the latest survey, the Crop Reporting Board turned up 299 million pounds of mushrooms for the 1974/75 crop year. That's 7 percent more than last year's record outturn of 279.5 million pounds.

Pennsylvania, top mushroom producer, grew 178.6 million pounds in 1974/75—60 percent of the U.S. total and 9 percent above its 1973/74 output.

Value of the latest U.S. crop is pegged at over \$147 million, up 19 percent from last year's \$123.4 million. Growers averaged about 49 cents a pound, compared to about 44 cents a year ago.

Fresh market sales for 1974/75 surpassed those of a year earlier by 23 percent. At 126 million pounds, they accounted for 42 percent of the U.S. crop. For fresh mushrooms, growers this year received about 3½ cents more on the pound—61 cents average.

Prices for the processed product, too, averaged higher this year, nearly 41 cents a pound compared to 36.7 cents in 1973/74. Processors used 173 million pounds, 2 percent less than a year ago.

To produce the 1974/75 crop,

growers used nearly 111 million square feet, a bed and tray area about 3 percent bigger than the last harvest. Yields moved ahead a bit, to an average 2.7 pounds per square foot.

Area used to produce mushrooms will increase 6 percent to an estimated 117 million square feet next year, in 28 instead of 26 States when the survey includes Texas and Oklahoma for the first time. Growers say first fillings will be up 1 percent to 40.5 million square feet, second fillings will rise 3 percent to 37.4 million, and additional fillings will increase 15 percent to 39.3 million square feet.

## COFFEE: NO CRISIS COMING

Coffee hoarders, take note: The United States is not on the brink of any coffee crisis, despite the severe freeze—the worst in living memory—that struck Brazil last July.

Brazil may be our leading supplier, but we also buy coffee from a number of places, especially Colombia and Central America, where stocks and upcoming crops appear ample to satisfy world needs.

As a result, prices on the world market should remain steady for the next several months, although by April green coffee prices could shoot sharply higher than the current 85-90 cents a pound.

Before the frost hit, Brazil had already harvested this season's crop, which registered a hefty 23 million 132-lb. bags. The 1976/77 crop, however, may reach only half that level, totaling perhaps 8-11 million bags.

Worse still, it may be 1979 before Brazil's production potential climbs back to pre-frost levels. A number of growers are also expected to quit coffee altogether in favor of wheat and soybeans—an increasingly popular combination.



# MUNCHING IN MOSCOW

Soviets officials munched American snacks and sipped California wines. Talk centered around the possibilities of expanding U.S.-Soviet trade. It all took place last summer, when USDA's Foreign Agricultural Service joined industry cooperators to sponsor the first food marketing exhibit in Moscow.

Billed as "A Wine and Snack Show," the exhibit at the U.S. Commercial Center in Moscow featured U.S. specialty and snack products—almonds, peanuts, prunes, sunflowerseed, and walnuts. Its purpose: to put these items on the shelves of delicatessens in Moscow, Leningrad, and Kiev.

Taking note of a Soviet shift away from vodka, the U.S. tradeshow also offered wines for sampling. California wines on display ranged from Chardonnay white to Gamay-Beaujolais reds—courtesy of the California Wine Institute and six contributing firms.

Packaging and variety of U.S. products caused quite a stir. Soviets were curious about the shelf life of items and carefully studied the vacuum-packed prunes and nuts. At home, Soviets can't easily find peanuts, especially roasted and salted kinds, so the vacuum-packed containers got lots of attention.

The Soviet Union has two kinds of delicatessens—called *gastronomes*. In the diplomatic *gastronomes*, U.S. products compete with other foreign and local food items. It's mainly diplomatic corps members and selected Soviet citizens who shop this small, restricted outlet.

Though also limited in number, dollar *gastronomes* offer a wider selection of products, but at higher prices. Customers include all diplomats, members of the business community, tourists, exchange students, and exchange delegations.

Hotels and state stores, too, are seen as possible clients for our processed foods. As more American tourists enter the Soviet Union each year, they'll be looking not only for quality products but a touch of home as well. That's where hotels come in as a steady market, especially for canned juices and snack foods.

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## SIZING UP '76

This marked the third consecutive year that the Nation's winter wheat farmers faced their fall planting without Government acreage restrictions. This past summer they harvested over 68 million acres from their 1974 seedings, and the crop notched a new record in production with more than 1.6 billion bushels.

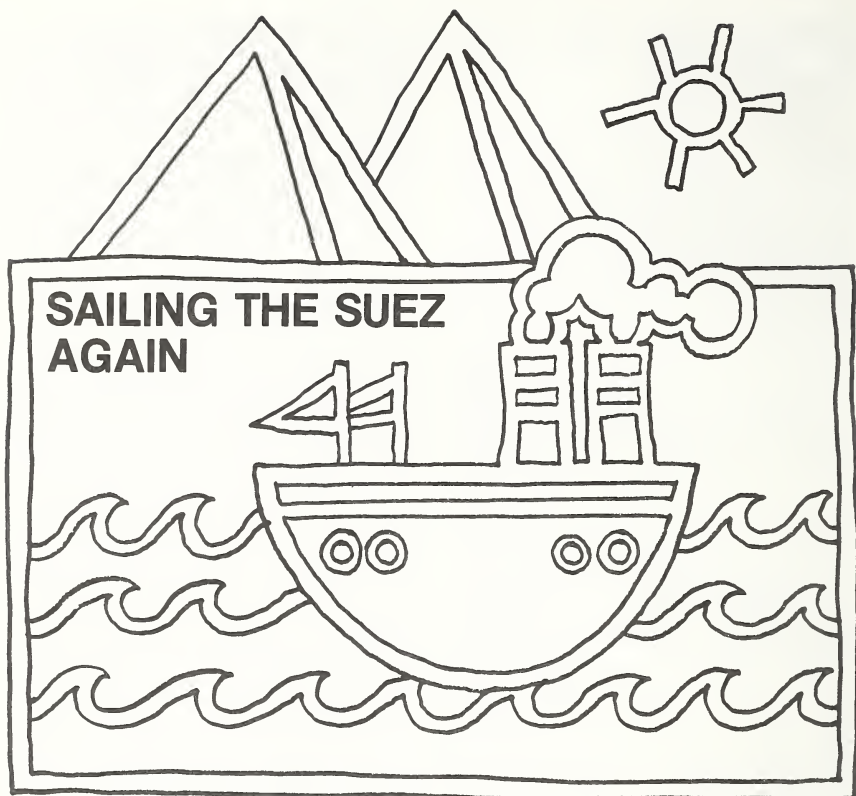
So much for history. How did farmers interpret prospects for the crop they'll bring out of the fields in 1976? A survey set to start about now across the country will help determine acreage planted to the coming crop, along with indications of cattle, hog, and chicken numbers, and the pig and calf crops.

In late November and early December, SRS asks farmers through mail questionnaires and personal interviews the winter wheat and rye acreage seeded this fall, and information about livestock and poultry.

The interview portion of the survey includes discussions with about 50,000 producers operating land selected to statistically represent the Nation's farming activities.

All the raw survey findings are summarized at 42 SRS field offices. These State indications are forwarded to the Crop Reporting Board in Washington where the official estimates are set and published.

Information will be released in late December concerning wheat acreage and production. Estimates about hogs will also be issued in December, chickens in January, and cattle information in February.



Outside Egypt, the event passed with little fanfare. But for agricultural traders around the world, June 5, 1975, was a momentous and long-awaited occasion.

That's when, for the first time since 1967, ships could again navigate the narrow waters of the Suez Canal.

For farm exporters like the United States and Europe, use of the canal would shave the distance to important Asian and Mideastern markets. . . and cut freight costs as well. Importing countries could look forward to faster deliveries, and in some cases, reduced consumer prices.

When the Suez Canal first opened in 1869, it shortened the sea voyage between Europe and the Far East by about 5,000 miles. Its closing in 1967 forced vessels to again make the lengthy trip around the Cape of

Good Hope at the tip of southern Africa. Transportation costs soared.

Shipping wheat and wheat flour from Rotterdam around the Cape of Good Hope to Bombay, for example, cost \$15.40 a metric ton, versus \$9.22 through the canal.

According to a recent United Nations' study, the increased ocean freight charges caused by closing the canal and the resulting trade losses totaled more than \$8½ billion between June 1967 and early 1975.

While the shutdown hurt all world traders, probably none felt the pinch more than exporters in South Asia and East Africa and consumers on the Arabian Peninsula.

Shoppers in Jidda, Saudi Arabia, for example, had to pay about \$1.80 for a dozen eggs. Soon, however, shipments through the canal from Bulgaria and Lebanon should push egg prices back below \$1 a dozen.

How will the canal's reopening affect U.S. farm exports? Basically it means we can deliver our goods faster and at less cost to some of our most rapidly expanding farm markets, especially India, Iran, Iraq, and the Arabian Peninsula.

Experts predict sharply increased sales of U.S. wheat, wheat flour, rice, and processed foods to Iraq and Saudi Arabia. In fiscal 1976, Iran may again buy more than 400,000 tons of American rice, while Iraq could double its last year's purchase.

Numerous new flour mills slated for various parts of the Arabian Peninsula also mean increased outlets for U.S. wheat exports, and elaborate new cattle and poultry feeding enterprises in Iran, Iraq, and cooler areas of Saudi Arabia signal new sales for U.S. corn and soybean meal.

When the canal closed in 1967, Pakistan became Arabia's chief rice supplier, mainly because it could deliver faster at lower costs. But with the waterway open again, the United States can now ship long grain rice to Saudi Arabia at prices well below those for high-grade Pakistani rice.

Reduced freight charges for wheat and coarse grains moving through the canal will also help U.S., Canadian, and European exporters by reducing Australia's edge on wheat markets and Thailand's edge on corn markets east of the Suez.

Experts say that as much as 10 million tons of North American and European grain may pass through the canal in fiscal 1976, making the southward flow of farm products through the Suez greater in just a year's time than for all of the 1960's.

For European food exporters, the canal's reopening means stepped-up sales of frozen poultry, dairy products, wheat flour, and canned meat to already booming markets in Asia and the Mideast.

India, the People's Republic of China, Thailand, the Philippines, and South Korea count among the

major Asian exporters who have the most to gain from sailing the Suez again. Total farm exports from India alone this year are forecast at \$1.6 billion—double their 1972 level.

The Suez reopening will also spur modernization of Mideast ports. Last year, oil-rich Iran, Iraq, and Saudi Arabia bought massive amounts of wheat and rice but had trouble handling arriving supplies because of clogged ports and inadequate storage facilities. The upshot: a new surge of port building programs from Aquaba to Calcutta.

The open canal will also breathe new life into a number of port cities like Aquaba, Port Sudan, and Aden, which lie along the route from the Mediterranean to the Indian Ocean.

Aden, once a major stop-over place for Suez users, was particularly hard hit when the waterway closed. Transit trade slowed to a trickle, forcing merchants to close their duty-free shops and call it quits. But a newly flourishing Aden promises to become an important outlet for U.S. processed foods for sale to crewmen on passing freighters.

Probably no single place will benefit as much from the open canal as Egypt itself, where major ports will be rebuilt, and expanded harbor facilities are expected to draw new industry and improve opportunities for foreign investments, particularly in duty-free zones.

Also planned are new soybean crushing facilities, food packaging industries, and transit trade operations, which will mean expanded outlets for American farm products. U.S. agricultural exports to Egypt in fiscal 1976 could push past \$500 million—up from \$388 million in fiscal 1975.

Tolls from ships using the canal will give Egypt an additional \$500 million a year, on top of an anticipated \$1 billion a year in much sought-after foreign exchange from foreign investments and \$1.5 billion from their exports.



# SURVEYSCOPE

*To give our readers a clearer picture of the vast scope of SRS activities, Agricultural Situation presents a series of articles on special surveys undertaken in various States. While these are not national surveys, they are important to the agriculture in individual States.*

"You really can't overestimate the importance of tobacco to our State economy," says Jim Koepper, Statistician in Charge of the Kentucky Crop and Livestock Reporting Service.

"Last year all types of tobacco added nearly \$470 million to the cash receipts of Kentucky farmers. Tobacco made up close to a third of total sales of all farm products and over half the cash receipts from crops alone."

Throughout the growing season, estimates of the upcoming crop are followed with intense interest not only by Kentucky farmers but by members

of the tobacco industry as well. One official with the Burley and Dark Leaf Export Association put it this way: "The tobacco crop estimate reports received from USDA's Statistical Reporting Service are of great service to the tobacco industry in the U.S.A. and abroad. Our foreign and domestic customers depend on this valuable information that we have found over the years to be so reliable."

Because so many people depend on these reports, Koepper's office began several years ago to look for improved methods of estimating production of burley tobacco. "We needed a more



Fieldmen layout a 50-foot row section in which they'll count tobacco plants and leaves. . .



scientific method of forecasting yield per acre to supplement the basic information received from farmers through mail surveys," claims Koepper.

"In short, we wanted to know what plant characteristics could be measured quantitatively to give us an accurate indication of the final weight of marketable leaf as early in the season as possible.

"After considerable research and much experimentation, we found the following measurable factors were critical to final yield: row width, plants per acre, number of leaves per plant, length of leaves, and dried weight of cured leaf."

Those are the data Koepper's staff gathers from a scientifically selected sample of 120 tobacco fields throughout the State. In July, fieldmen lay out random plots in each field, making plant counts in two 50-foot row sections.

The survey team then marks selected plants in these rows and

makes further leaf counts and measurements during August and September right up to cutting time.

Later, the same marked plants are stripped and weighed in the curing barn. Survey members also make a much larger random sampling of plants at stripping time, when leaf weights are determined by subtracting stalk weights from plant weights.

Data from fields and curing barns are combined with results from questionnaires mailed to farmers to estimate yield and production. Indications from the objective surveys have significantly improved the accuracy of early season forecasts of the burley crop.

Each year, this program yields an unbiased forecast of Kentucky's tobacco output at intervals prior to stripping time and just before the markets open. Tobacco objective yield work—which is done only in Kentucky—has now been adopted as part of the regular Federal-State crop reporting procedures.



...and take additional measurements till cutting time to estimate Kentucky's burley crop.

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# Briefings

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RECENT REPORTS BY USDA OF ECONOMIC, MARKETING, AND RESEARCH DEVELOPMENTS AFFECTING FARMERS.

**KEEPING BUSY.** . . Beekeepers in the 20 leading honey States managed 1.7 million colonies of bees in 1975, about 14,000 more than a year earlier. SRS's Crop Reporting Board, which gathers data from commercial apiaries of 300 or more colonies, expects 1975 honey production to total 105 million pounds, up 3% from commercial output in 1974, but 20% off the 1973 mark. California, the No. 1 honey State, expects to match last year's output of 18½ million pounds. Florida will place a distant second with an estimated 10.4 million pounds, a gain nonetheless of 32% from a year earlier.

**MAKING THE MOVE.** . . USDA's Farmers Home Administration (FmHA) has given the "back-to-the-country" movement a big boost over the last few years. Since 1971 it has more than doubled financial assistance for community, housing, and farming programs. These fund increases have made it easier for rural communities to take on newcomers and improve the lifestyle of current residents as well. During fiscal years 1971-75, FmHA dispensed more than \$17½ billion in loans and roughly \$361 million in grants.

**JOINT VENTURE.** . . Agriculture Secretary Butz announced earlier this year the signing of two protocols with Romania which will provide exchanges of agricultural economic information—including anticipated Romanian imports of U.S. farm goods—and cooperative activities in technical areas such as plant and animal science, mechanization, and chemical use. Romania, our No. 2 market in Eastern Europe, last year bought more than \$155 million in U.S. farm exports.

**HEAPS OF HOPS.** . . Last September 1, says SRS's Crop Reporting Board, growers, dealers, and brewers held a record 42.2 million pounds of hops. The inventory stood 25% larger than a year earlier, and nearly 40% over the September 1973 figure. The bulk of the stocks—more than 40 million pounds—lay in brewers' hands. Growers, meantime, reported they had 560,000 pounds—double their holdings last September 1.

**BRAND NEW.** . .When American-blend filter cigarettes commemorating the Apollo-Soyuz space mission hit the Soviet Union, they were a near sell-out. To U.S. manufacturers, that's a fair sign that the Soviet Union could open up as a market for licensed U.S. brands. Made in Moscow from American tobacco and filters, the cigarettes featured a distinct Western taste and appearance that appealed to Soviet smokers, who traditionally smoke the more available oriental-type. The novelty aspect and general popularity of commemorative cigarettes in the Soviet Union, though, also could have pushed up sales. The same special issue didn't fare so well in the United States, where a pack retailed for \$1.

**GETTING BETTER.** . .Cotton and wool prospects are looking up. If experts are right, an upturn in the economy should spur consumers to spend more on textiles in the months ahead. USDA economists predict U.S. cotton mill use will recover somewhat from 1974/75's 5.9 million bales—the lowest since the 1930's. They're also optimistic that 1975/76 wool use will push slightly ahead of last season's.

**MORE FROM TOMATOES.** . .USDA engineers and National Canners Association scientists have joined forces to study the possibility of converting tomato peeling material into food. Peel removal not only causes a disposal problem, but wastes food, too, since edible tomato goes with the skin. California grows nearly 80 percent of the tomatoes harvested for processing and each year produces 130,000 tons of peels. Half of this peel material might be used as food, with a value of nearly \$3 million.

**TAKE NO CHANCES.** . .Sheep and goats that have been exposed to scrapie—a disease of the nervous system—can no longer be slaughtered for human food, USDA's Animal and Plant Health Inspection Service (APHIS) announced earlier this year. The action is a precautionary measure, even though to date there is no evidence that humans can contract the disease either by coming in contact with exposed or infected animals or by eating meat from such animals.

**FATS AND OILS SLIDE.** . .Estimates put this year's world production of fats and oils at 46 million metric tons, down nearly 700,000 tons from last year's record output. Even so, it's expected that 1975 oil production will still score as the second largest on record. World soybean oil production, estimated at 8 million tons, slipped 1.1 million tons this year, reflecting the smaller 1974 U.S. crop.

**FOREST FUNDS.** . .Thirty-nine States and Puerto Rico are splitting an \$88-million "rebate" from USDA's Forest Service. The money represents 25% of the more than \$360 million collected by the Forest Service in fiscal 1975 from timber sales and grazing, recreation, minerals, and other land use charges on National Forests. By law, a fourth of those receipts revert to the States that have National Forests to be used for public schools and roads. Forest Service keeps 10% of all receipts to maintain trails and roads, and the rest—with a few exceptions provided by law—goes to the U.S. Treasury. Forest Service has now returned \$1.2 billion to the States since the agency was established back in 1905.

**FIGHTING BLIGHT.** . .Under a cooperative agreement with USDA, scientists at Oregon State University are looking for ways to prevent Eastern filbert blight disease from spreading into Oregon orchards. Already the disease has turned up in some Washington and Oregon orchards, and if it spreads further, it could spell trouble, particularly for Oregon's Willamette Valley, which produces nearly all the filberts in the U.S. Following studies of the life cycle of the disease, scientists hope to suggest control measures that will protect healthy trees and reduce infection in diseased trees.

**TOBACCO TOLLS.** . .Voluntary tobacco inspection services will now cost the same everywhere since USDA revamped its method of calculating fees. Under the new system, inspection rates during normal working hours will run \$12.60 an hour, with overtime service costing \$15 an hour, and Sunday and holiday inspection, \$18.85. Previously, the fees varied from place to place because they were based on actual salaries of individual inspectors and covered part of the cost of administering the service.

**A DIFFERENT MIX.** . .To cope with current pork shortages and assure consumers a steady supply of certain cooked sausages and similar products containing pork, USDA has temporarily amended Federal meat inspection regulations. Until July 1, 1976, processors can be more flexible in adjusting formulas for products like frankfurters and bologna containing combinations of beef and pork, and currently labeled in the ingredients statement as "Beef and pork" or "Pork and beef." The items may now contain not less than 10% pork rather than the previously required 30% to be listed in this manner. An official with USDA's Animal and Plant Health Inspection Service emphasizes, however, that total meat content will not be changed, since beef will have to substitute for any portion of pork eliminated from the formula.



# Statistical Barometer

Item	1973	1974	1975—latest available data	
<b>Farm Food Basket:<sup>1</sup></b>				
Retail cost (1967=100)	142	162	178	August
Farm value (1967=100)	167	178	196	August
Farmer's share of retail cost (percent)	46	43	43	August
<b>Farm Income:</b>				
Volume of farm marketings (1967=100)	112	111	91	2
Cash receipts from farm marketings (\$bil.)	86.9	93.5	88.0	2
Realized gross farm income (\$bil.)	95.3	101.1	96.1	2
Production expenses (\$bil.)	65.8	73.4	75.6	2
Realized net farm income (\$bil.)	29.5	27.7	20.5	2
<b>Income and Spending:</b>				
Disposable personal income (\$bil.)	903.7	979.7	1,078.5	2
Expenditures for food (\$bil.)	143.6	164.5	179.9	2
Share of income spent for food (percent)	15.9	16.8	16.7	2
<b>Prices:</b>				
Consumer price index, all items (1967=100)	133.1	147.7	162.8	August
Food (1967=100)	141.4	161.7	178.1	August
<b>Agricultural Trade:</b>				
Agricultural exports (\$bil.)	17.7	22.0	1.6	August
Agricultural imports	8.4	10.2	.7	August
<b>Farm Production and Efficiency:</b>				
Farm output, total (1967=100)	112	106	113	3
Livestock (1967=100) <sup>4</sup>	105	106	104	3
Meat animals (1967=100)	108	110	107	3
Dairy products (1967=100)	98	98	98	3
Poultry and eggs (1967=100)	106	106	102	3
Crops (1967=100) <sup>5</sup>	120	110	121	3
Feed grains (1967=100)	115	92	113	3
Hay and forage (1967=100)	109	104	105	3
Food grains (1967=100)	113	120	141	3
Sugar crops (1967=100)	112	107	128	3
Cotton (1967=100)	175	157	125	3
Tobacco (1967=100)	88	100	112	3
Oil crops (1967=100)	155	129	145	3
Cropland used for crops (1967=100)	104	106	107	3
Crop production per acre (1967=100)	115	104	113	3

<sup>1</sup>Average annual quantities per family and single person households bought by wage and clerical workers, 1960-61, based on Bureau of Labor Statistics figures.

<sup>2</sup>Annual rate, seasonally adjusted, second quarter.

<sup>3</sup>Preliminary.

<sup>4</sup>Includes minor livestock products not shown in the separate groups below. Cannot be added to gross crop production to compute farm output.

<sup>5</sup>Includes miscellaneous crops not shown in the separate groups below. Cannot be added to gross livestock production to compute farm output.

## AGRICULTURAL SITUATION

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